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ANNUAL REPORT CHECKLIST
for
FISCAL YEAR ENDED:
September 30, 2013

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CONTINUING CARE CONTRACTS BRANCH

PROVIDER: **CONGREGATIONAL HOMES, INC**

FACILITY(IES): **MT. SAN ANTONIO GARDENS**

CONTACT PERSON: **Laurie Luther, CFO**

TELEPHONE NO.: **(909) 399-1281** **EMAIL:** **cfo@the-gardens.org**

✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

Your complete annual report must consist of ***3 copies*** of all of the following:

✓ This cover sheet.

✓ Annual Provider Fee in the amount of: $19,759

  ✓ If applicable, late fee in the amount of: $__________

✓ Certification by the provider's chief *executive* officer that:
  ✓ The reports are correct to the best of his/her knowledge.
  ✓ Each continuing care contract form in use or offered to new residents has been approved by the Department.
  ✓ The provider is maintaining the required *liquid reserve* and refund reserve, if applicable.

✓ Evidence of the provider's fidelity bond.

✓ The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.

✓ The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.

✓ The provider's "Continuing Care Retirement Community Disclosure Statement" for **each** community. (3 copies total)

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report. (3 copies total)

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents		TOTAL
[1]	Number at beginning of fiscal year		470
[2]	Number at end of fiscal year		472
[3]	Total Lines 1 and 2		942
[4]	Multiply Line 3 by ".50" and enter result on Line 5.		x .50
[5]	Mean number of continuing care residents		471
	All Residents		
[6]	Number at beginning of fiscal year		483
[7]	Number at end of fiscal year		479
[8]	Total Lines 6 and 7		962
[9]	Multiply Line 8 by ".50" and enter result on Line 10.		x .50
[10]	Mean number of *all* residents		481
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).		0.98

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$23,219,080
[a]	Depreciation	$2,662,455	
[b]	Debt Service (Interest Only)	$378,386	
[2]	Subtotal (add Line 1a and 1b)		$3,040,841
[3]	Subtract Line 2 from Line 1 and enter result.		$20,178,239
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		98%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$19,758,733
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$19,759

PROVIDEI Congregational Homes, Inc
COMMUN Mt. San Antonio Gardens

MT. SAN ANTONIO
Gardens
A LIFE CARE SENIOR COMMUNITY

CONGREGATIONAL HOMES, INC.

900 E. Harrison Avenue, Pomona, CA 91767
(909) 624-5061 Fax: (909) 626-2126

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CONTRACTS BRANCH

December 4, 2013

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 10-90
Sacramento, CA 95814

Dear Sir/Madam:

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

1. The annual reserve report and any attachments thereto for our fiscal year ending 9/30/2013 are correct to the best of my knowledge.

2. Each continuing care contract form in use or offered to new residents has been approved by the Department.

3. Mt. San Antonio Gardens has and will continue to maintain the required liquid reserve and, if applicable, the required refund reserve.

Sincerely,

Randell K. Stoll
President & CEO

CONGHOM-01 JPARSONS

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 11/11/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	
Lewis & Assoc. Ins. Brokers, Inc. 700 W. Center Avenue Visalia, CA 93291	CONTACT NAME: Julia Parsons, CIC, CPIW PHONE (A/C, No, Ext): (559) 733-7272 139 FAX (A/C, No): (559) 733-5612 E-MAIL ADDRESS: Juliap@since1927.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : GuideOne Insurance	15032
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED

Congregational Homes, Inc.
900 E. Harrison Ave.
Pomona, CA 91767

CONTRACTS BRANCH
CONTINUING CARE
DEC 1 1 2013

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$ \$ \$ \$ \$ \$ \$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$ \$ \$ \$ \$
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE AGGREGATE	\$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 \$ \$ \$
A	Fidelity			01224532	10/1/2013	10/1/2014	Blanket Fidelity Deductible	500,000 1,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Verification of Fidelity Coverage RE: Continuing Care Contract.

CERTIFICATE HOLDER	CANCELLATION
State of CA, Dept. of Social Services Continuing Care Contracts 744 P St., MS 10-90 Sacramento, CA 95814	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE

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Report of Independent Auditors
and Financial Statements for

Congregational Homes, Inc. dba
Mt. San Antonio Gardens

September 30, 2013 and 2012

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

CONTENTS

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Congregational Homes, Inc. dba Mt. San Antonio Gardens

Report on Financial Statements

We have audited the accompanying financial statements of Congregational Homes, Inc. dba Mt. San Antonio Gardens, which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of unrestricted revenues, expenses, and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Congregational Homes, Inc. dba Mt. San Antonio Gardens as of September 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
November 22, 2013

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
STATEMENTS OF FINANCIAL POSITION

ASSETS

	SEPTEMBER 30, 2013	SEPTEMBER 30, 2012
Current Assets		
Cash and cash equivalents	$ 2,211,541	$ 4,765,016
Short-term investments	2,231,512	2,144,087
Accounts receivable, net	392,123	246,828
Other current assets	952,159	742,038
Total current assets	5,787,335	7,897,969
Noncurrent Assets		
Investments	32,420,312	36,046,336
Deferred financing costs, net	445,651	471,763
Derivative financial instrument	629,940	398,575
Property, plant and equipment, net	52,209,366	45,491,093
Total Assets	$ 91,492,604	$ 90,305,736

LIABILITIES AND NET ASSETS

	2013	2012
Current Liabilities		
Accounts payable	$ 869,951	$ 1,018,237
Accrued expenses	1,033,125	875,172
Workers' compensation liability	651,699	385,309
Refundable deposits and other liabilities	93,774	83,235
Current portion of long-term debt	720,624	740,734
Total current liabilities	3,369,173	3,102,687
Noncurrent Liabilities		
Liabilities under split-interest agreements	808,910	971,588
Deferred revenue from advance fees, including estimated refundable fees of $150,000 in 2013 and 2012	29,181,114	28,677,558
Asset retirement obligation	80,870	76,000
Long-term debt	20,252,837	20,835,070
Total Liabilities	53,692,904	53,662,903
Net Assets		
Unrestricted	26,569,862	25,797,597
Temporarily restricted	4,298,241	4,019,108
Permanently restricted	6,931,597	6,826,128
Total Net Assets	37,799,700	36,642,833
Total Liabilities and Net Assets	$ 91,492,604	$ 90,305,736

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
STATEMENTS OF UNRESTRICTED REVENUES, EXPENSES, AND OTHER CHANGES IN UNRESTRICTED NET ASSETS

	YEARS ENDED SEPTEMBER 30, 2013	2012
REVENUES		
Care and service fees	$ 14,987,419	$ 14,672,692
Amortization of advance fees	4,476,927	4,923,775
Non-member health services	937,330	797,730
Non-member assisted living	177,851	212,667
HMO/Medicare	455,558	319,472
Interest income and dividends	747,528	839,673
Contributions	83,324	235,915
Other	627,649	569,469
Net assets released from restrictions, used for operations	507,718	463,334
Total Revenues	23,001,304	23,034,727
EXPENSES		
Skilled nursing facility	4,443,203	3,555,270
Health support services	548,584	496,160
Physical therapy	258,403	212,440
Wellness center	327,832	273,979
Maintenance	1,815,580	1,738,348
Housekeeping	1,499,145	1,410,520
Oak tree lodge (assisted living)	1,631,855	1,509,505
Dining services	3,927,148	3,859,397
Grounds	549,652	504,849
Security	167,611	157,179
Taxes and insurance	855,020	831,606
Interest	378,387	417,124
Deferred financing costs	26,112	26,112
Bond costs	3,840	3,932
Utilities	1,034,768	918,777
Asset retirement obligation	4,870	(12,386)
Depreciation	2,662,455	2,657,159
Bad debt expense	13,031	-
Total Program Expenses	20,147,496	18,559,971
Administration	2,451,299	2,374,963
Marketing	620,284	510,237
Total Operating Expenses	23,219,079	21,445,171
OPERATING (LOSS) INCOME	(217,775)	1,589,556
NONOPERATING REVENUE (EXPENSE)		
Changes in fair value of interest rate cap	294,462	(299,006)
Net loss on disposal and write-down of operating assets	(100,110)	(106,955)
Realized gains on investments, net	322,175	234,550
Total Nonoperating Revenue (Expense)	516,527	(171,411)
Excess of revenue over expenses	298,752	1,418,145
Net assets released for capital projects	132,439	765,430
Unrealized gains on investments, net	341,074	2,285,993
CHANGE IN UNRESTRICTED NET ASSETS	$ 772,265	$ 4,469,568

See accompanying notes.

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
STATEMENTS OF CHANGES IN NET ASSETS

	YEARS ENDED SEPTEMBER 30, 2013	2012
UNRESTRICTED NET ASSETS		
Change in unrestricted net assets	$ 772,265	$ 4,469,568
TEMPORARILY RESRTICTED NET ASSETS		
Contributions	266,633	235,835
Interest income	151,054	167,690
Contribution portion of split-interest agreements	65,235	28,414
Changes in the actuarial value of split-interest agreements	(205,175)	(26,231)
Net assets released from restrictions, used for operations	(507,718)	(463,334)
Net assets released from restriction for Evergreen Villas	(132,439)	(765,430)
Gardens club activity	245,863	240,911
Realized gains on investments, net	64,700	24,539
Unrealized gains on investments, net	330,980	710,942
Change in temporarily restricted net assets	279,133	153,336
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	60,792	10,900
Changes in the actuarial value of split-interest agreements	44,677	123,068
Change in permanently restricted net assets	105,469	133,968
CHANGE IN NET ASSETS	1,156,867	4,756,872
NET ASSETS - BEGINNING OF YEAR	36,642,833	31,885,961
NET ASSETS - END OF YEAR	$ 37,799,700	$ 36,642,833

See accompanying notes.

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
STATEMENTS OF CASH FLOWS - DIRECT METHOD

	YEARS ENDED SEPTEMBER 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from residents	$ 15,944,274	$ 15,591,584
Cash from advance fees received	4,980,483	4,226,531
Cash received from contributions	595,820	671,246
Cash received from investment income	898,582	1,007,363
Cash received from other sources	1,146,304	967,844
Cash paid for interest on long-term debt, net of amounts capitalized of $41,156 in 2013	(379,254)	(411,742)
Cash paid to employees and vendors	(19,675,393)	(18,354,289)
Net cash provided by operating activities	3,510,816	3,698,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,193,476)	(8,476,604)
Proceeds from sale of investments	7,663,022	8,839,740
Acquisition of property, plant and equipment	(9,862,327)	(2,426,077)
Net cash used in investing activities	(5,392,781)	(2,062,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from promissory notes	140,656	140,273
Payments on promissory notes	(132,999)	(132,509)
Repayments of bonds payable	(610,000)	(565,000)
Payments on split-interest agreements	(195,194)	(222,312)
Proceeds from contributions for split-interest agreements	126,027	28,414
Net cash used in financing activities	(671,510)	(751,134)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,553,475)	884,462
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,765,016	3,880,554
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,211,541	$ 4,765,016

See accompanying notes.

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
STATEMENTS OF CASH FLOWS - RECONCILIATION TO OPERATING ACTIVITIES

	YEARS ENDED SEPTEMBER 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,156,867	$ 4,756,872
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,662,455	2,657,159
Asset retirement obligation	4,870	(12,386)
Advance fees received	4,980,483	4,226,531
Amortization of entrance fees	(4,476,927)	(4,923,775)
Contributions restricted for long term purposes	(126,027)	(80,729)
Net loss (gains) on investments	(1,058,929)	(3,256,024)
Changes in actuarial value of split-interest agreements	160,498	(96,837)
Amortization of deferred financing costs	26,112	26,112
Changes in fair value of interest rate cap	(294,462)	299,006
Settlement received for previous interest rate cap	63,097	78,903
Loss on disposal of fixed assets	100,110	106,955
Decrease (increase) in operating assets:		
Accounts receivable	(145,295)	(91,505)
Prepaid expenses and deposits	(210,121)	67,217
Increase (decrease) in operating liabilities:		
Accounts payable	233,203	(107,107)
Accrued expenses	157,953	73,372
Settement of asset retirement obligations	-	(6,191)
Workers' compensation liability	266,390	(2,820)
Refundable deposits and other liabilities	10,539	(16,216)
Net cash provided by operating activities	$ 3,510,816	$ 3,698,537

See accompanying notes.

Note 1 - Organization

Congregational Homes, Inc., dba Mt. San Antonio Gardens ("MSAG"), incorporated as a California not-for-profit public benefit corporation, owns and operates a retirement community, including an assisted living facility and a skilled nursing facility.

The Gardens Club, consisting of all the residents of MSAG, engages in activities for the betterment of MSAG. The Gardens Club assets, net assets, and results of operations are included in MSAG's financial statements as part of temporarily restricted net assets.

MSAG classifies its net assets into three categories: unrestricted, temporarily restricted, and permanently restricted as described below.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation - Unrestricted net assets generally result from revenues from providing services, receiving unrestricted contributions, and receiving dividend and interest income, less expenses incurred in providing services, raising contributions, and performing administrative and marketing functions. The only limits on the use of unrestricted net assets are the broad limits resulting from MSAG's mission as defined in its articles of incorporation and bylaws.

Temporarily restricted net assets are those whose use by MSAG has been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be maintained by MSAG in perpetuity.

Accounting method - The accrual method of accounting is used.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - MSAG considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. As of September 30, 2013 and 2012, cash equivalents are comprised of money market funds.

Note 2 - Summary of Significant Accounting Policies (continued)

Investments - Investments consist of mutual funds, exchange traded funds, corporate bonds, and U.S. Government obligations and are classified as available-for-sale. All investments are reported at fair value. Unrealized holding gains and losses of available-for-sale securities are reported below excess of revenue over expenses. Realized gains and losses from the sale of available-for-sale securities are included above excess of revenue over expenses on a specific-identification basis. Investment income that is restricted by the donor or law is recorded as an increase in temporarily or permanently restricted net assets.

Accounts receivable - Bad debts are accounted for using the allowance method. Management estimates the allowance based upon historical write-off experience. The allowance for doubtful accounts totaled $40,000 at September 30, 2013 and 2012.

Other current assets - Includes prepaid insurance, other prepaid expenses, workers' compensation insurance recoveries receivable, and inventory which consists of food and kitchen supplies. Inventory is valued at first-in/first-out cost.

Deferred financing costs - Deferred financing costs include debt issuance costs incurred in connection with the issuance of the Series 2010 tax-exempt bonds. The costs are being amortized over the terms of the financing agreements using the straight-line method, which approximates the effective interest method.

Property, plant and equipment - Property, plant and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt. Depreciation is computed on the straight-line method based on estimated useful lives of 40 years for buildings built prior to September 30, 2005, 50 years for buildings completed after September 30, 2005, and 5 to 20 years for equipment. MSAG defines its capital expenditures as tangible assets of a relatively permanent nature, generally costing more than $500.

Derivative financial instruments - MSAG purchased an interest rate cap in December 2010 to manage the interest rate risk associated with its variable rate debt. MSAG accounts for its interest rate cap in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815, *Derivatives and Hedging*, which requires that all derivatives be carried at fair value on the statements of financial position.

Asset retirement obligations - Asset retirement obligations include legal obligations associated with the retirement of long-lived assets. These liabilities are recorded at fair value when incurred and are capitalized by increasing the carrying amount of the associated long-lived asset. The fair value of the obligation is measured based on the present value of estimated future retirement costs. Asset retirement costs are depreciated on a straight-line basis through the estimated date of retirement. Subsequent to the initial recognition, period-to-period changes in the carrying amount of the liability are recorded due to the passage of time and revisions to either the timing or amount of the original estimated cash flows. Liabilities are released when the related obligations are settled.

Note 2 - Summary of Significant Accounting Policies (continued)

Excess of revenue over expenses - The statements of unrestricted revenues, expenses, and other changes in unrestricted net assets include excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, include unrealized gains and losses on other-than-trading securities and restricted contributions expended during the year for capital.

Net patient service revenue (Skilled nursing facility) - MSAG has agreements with third-party payers that provide for payments to MSAG at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Donor-restricted gifts - Donations and other assets received are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of unrestricted revenues, expenses, and other changes in unrestricted net assets as net assets released from restrictions.

Obligation to provide future services - MSAG annually calculates the present value of the costs of providing future services and use of facilities to current residents less future revenues such as monthly fees and compares the net amount ("estimated obligation") with the balance of deferred revenue from advance fees. If the estimated obligation exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income. For the years ended September 30, 2013 and 2012, a corresponding liability is not required. The present value of the obligation at September 30, 2013 and 2012 was calculated using a discount rate of 5%.

MSAG estimates the cost of future services and the use of facilities in calculating the future obligation. The estimated amount of the obligation is based on actuarial assumptions such as life expectancy, projected future monthly resident fees, projected future operating costs and estimated future inflation rate. Actual results will differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

Concentration of credit risk - MSAG is a continuing care retirement community whose one campus is located on property in Claremont and Pomona, California. MSAG charges monthly fees on open accounts to its residents, all of whom live on campus.

MSAG has cash located in various institutions. The amount on deposit in one institution (MSAG's operating accounts) periodically exceeded the federally insured limit of $250,000. MSAG monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Split-interest agreements - MSAG sponsors charitable programs that enable the donor to receive income for life and leave the remainder of the principal to MSAG and other charitable organizations. These are referred to as split-interest agreements and can take several different forms, such as a gift annuity, an annuity trust, or a unitrust.

MSAG accounts for these agreements separately from other assets and liabilities even though some assets are pooled for investment purposes. As of September 30, 2013 and 2012, MSAG managed a total of approximately $3.4 million and $3.3 million, respectively, in assets under these programs.

The terms and discount rates for these agreements are based upon the life expectancy of the donor(s) and present value tables provided by the Internal Revenue Service for determining the amount of the charitable contribution. Assets donated are recorded at their fair value at the date of the agreement. In subsequent years, the value of the contributions is actuarially adjusted to reflect the income earned on the assets, less distributions and the then present value of the liability to the income beneficiaries. Payments of income to beneficiaries are principally funded by the investment income of the related investments.

Deferred revenue from advance fees - Fees paid by a resident upon entering into a life care or continuing care contract are recorded as deferred revenue. Such fees are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. The actuarial life expectancy tables used are based on MSAG's historical experience. Upon the death of a resident, the unamortized portion of an advance fee is included in current year amortization. A portion of deferred revenue from advance fees is allocated to refundable fees as described below.

Refundable fees - MSAG is obligated to refund a portion of advance fees to residents who withdraw before six years. If a resident withdraws (or dies) within ninety days, the entire advance fee is refunded, less reasonable expenses. After ninety days, the amount to be refunded upon withdrawal is the advance fee, less 1.39% of the advance fee per month. The liability for refundable advance fees of $150,000 at September 30, 2013 and 2012 is an estimate based upon MSAG's experience. As of September 30, 2013 and 2012, the maximum amount refundable was $14,640,862 and $14,013,064, respectively.

Note 2 - Summary of Significant Accounting Policies (continued)

Income taxes - MSAG is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California franchise taxes under Revenue and Taxation code Section 23701d. Accordingly, no provision has been made for income taxes.

MSAG has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to MSAG's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

MSAG files informational returns in the U.S. federal jurisdiction and the state of California. With few exceptions, MSAG is no longer subject to U.S. federal and state examinations by tax authorities for years before 2008.

Subsequent events - MSAG has evaluated subsequent events through November 22, 2013, the date these financial statements were issued. There were no subsequent events requiring recognition.

Recent accounting pronouncements - In July 2012, the FASB issued Accounting Standards Update ("ASU") No. 2012-01, *Continuing Care Retirement Communities—Refundable Advance Fees.* The new guidance clarifies the guidance on accounting for refundable advance fees received by continuing care communities. The new guidance clarifies that in situations under which a contract with a resident stipulates that all or a portion of the refundable advance fee will be paid to the extent of the proceeds of re-occupancy, only that portion of the advance fee received should be accounted for as deferred revenue provided that the legal environment and the entity's management policy and practice support withholding of refunds under such circumstances. Thus, refundable advance fees contingent upon re-occupancy but which are not limited to the proceeds of re-occupancy should be classified as a liability. The guidance goes on to clarify that the refundable portion of an advance fee limited to the proceeds of re-occupancy which has been classified accordingly as deferred revenue should be amortized into income over future periods based on the remaining useful life of the facility. This ASU did not have an impact on the accounting of the refundable advance fees of the Home since the contracts do not contain stipulations limiting the refund to re-occupancy proceeds.

Note 3 - Investments

In accordance with ASC 820, MSAG classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments - Investments held by MSAG consist of level 1 mutual funds, exchange traded funds, corporate bonds, and U.S. Government obligations. These investments have quoted prices in an active market and are therefore classified with level 1 of the valuation hierarchy.

Derivative financial instrument - The fair value of the interest rate cap agreement is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within level 2 of the valuation hierarchy.

The following tables disclose by level the fair value hierarchy of investments held:

	Investment Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Gold exchange traded fund	$ 226,879	$ -	$ -	$ 226,879
Mutual funds:				
Balanced fund	397,254	-	-	397,254
Bond funds	22,539,525	-	-	22,539,525
International funds	3,153,583	-	-	3,153,583
US equity funds	8,334,583	-	-	8,334,583
Derivative financial instrument	-	629,940	-	629,940
	$ 34,651,824	$ 629,940	$ -	$ 35,281,764

Note 3 – Investments (continued)

	Investment Assets at Fair Value as of September 30, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Gold exchange traded fund	$ 237,208	$ -	$ -	$ 237,208
Mutual funds:				
Balanced fund	372,389	-	-	372,389
Bond funds	26,887,562	-	-	26,887,562
Money market fund	36,001	-	-	36,001
International funds	2,787,702	-	-	2,787,702
US equity funds	7,869,561	-	-	7,869,561
Derivative financial instrument	-	398,575	-	398,575
	$ 38,190,423	$ 398,575	$ -	$ 38,588,998

The following table discloses the composition of investment return for the years ended September 30:

	2013	2012
Investment income, net		
Interest and dividend income	$ 898,582	$ 1,007,363
Realized gains on investments, net	386,875	259,089
Unrealized gains on investments, net	672,054	2,996,935
Total investment income, net	$ 1,957,511	$ 4,263,387

Note 4 - Deferred Financing Costs

Deferred financing costs, net, consist of the following as of September 30:

	2013	2012
Deferred financing costs	$ 520,861	$ 520,861
Less accumulated amortization	(75,210)	(49,098)
Deferred financing costs, net	$ 445,651	$ 471,763

Note 5 - Property, Plant and Equipment

Property, plant and equipment consist of the following at September 30:

	2013	2012
Land and improvements	$ 8,281,732	$ 6,293,339
Buildings and improvements	71,918,327	63,816,626
Furniture and equipment	7,987,397	6,894,725
Construction in progress	836,818	2,969,108
Total	89,024,274	79,973,798
Less accumulated depreciation	36,814,908	34,482,705
Net property and equipment	$ 52,209,366	$ 45,491,093

During July 2012, MSAG began construction on the Evergreen Villas project. Amounts included in construction in progress related to the Evergreen Villas as of September 30, 2012 totaled $1,511,590. The Evergreen Villas were completed and placed in service in September 2013. Capitalized interest for the years ended September 30, 2013 and 2012 totaled $41,156 and $19,302, respectively.

Note 6 - Supplemental Cash Flow Disclosures

Fixed assets donated to MSAG for the years ended September 30, 2013 and 2012 were $76,960 and $80,729, respectively.

Accrued capital expenditures totaled $183,020 and $564,509 as of September 30, 2013 and 2012, respectively.

Note 7 - Retirement Plan

MSAG maintains a retirement plan under Section 403(b) of the Internal Revenue Code, for substantially all full time employees.

The plan is with United Church of Christ Pension Plan for Lay Employees. Employees who elect to participate are required to contribute, at a minimum, 3% (and may contribute up to 20%, subject to IRS dollar limitations) of their compensation to the plan. MSAG matches 100% of the employees' contribution, up to 10% of their compensation for each calendar year in which the employee completes at least 1,000 hours of service, and has completed two years of continuous service.

MSAG's contributions to this plan totaled $384,402 and $360,575 for the years ended September 30, 2013 and 2012, respectively.

Note 8 - Functional Classification of Expenses

The costs of providing the various program services and support activities have been summarized below on a functional basis. Accordingly, certain indirect costs have been allocated to the program services.

	2013	2012
Program expenses		
Residential living	$ 9,726,475	$ 9,536,050
Oak tree lodge (assisted living)	3,771,142	3,364,854
Skilled nursing facility	6,649,879	5,659,067
Total	20,147,496	18,559,971
Support activities		
Administration	2,451,299	2,374,963
Marketing	620,284	510,237
Total expenses	$ 23,219,079	$ 21,445,171

Note 9 - Temporarily Restricted Net Assets

MSAG receives charitable donations and split interest agreements (annuities and trusts) which the donor has stipulated must be used for a specific purpose and/or within a certain time period. The following is a summary of the temporarily restricted purposes:

	2013	2012
Homeship care for residents	$ 2,011,263	$ 2,001,960
Gardens club	404,253	366,888
Split-interest agreements	1,675,848	1,441,790
All other restrictions	206,877	208,470
Total temporarily restricted net assets	$ 4,298,241	$ 4,019,108

Net assets released from restrictions used for operations were derived from the following for the years ended September 30, 2013 and 2012:

	2013	2012
Homeship fund transfers	$ 261,861	$ 271,641
Maturities of split-interest agreements	18,638	5,310
Miscellaneous	227,219	186,383
	$ 507,718	$ 463,334

Net assets released from restrictions for capital expenditures totaled $132,439 during the year ended September 30, 2013 and were incurred in connection with the Evergreen Villas.

Note 10 - Permanently Restricted Net Assets

Charitable donations received by MSAG where the principal may not be spent and must be maintained in perpetuity are recorded as permanently restricted. The amounts of permanently restricted net assets totaled $6,931,597 and $6,826,128 at September 30, 2013 and 2012, respectively.

Note 11 - Endowment Restricted Assets

The Board of Directors of MSAG follow the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") in determining the fair value of the donor-restricted assets. As a result, MSAG classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted assets that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by MSAG in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, MSAG considers the following factors in making a determination to appropriate or accumulate donor-restricted assets:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Funds with deficiencies - From time to time, the fair value of assets associated with individual donor-restricted assets may fall below the level that the donor or UPMIFA requires MSAG to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets when applicable. There were no such deficiencies as of September 30, 2013 and 2012.

Return objectives, risk parameters and strategies employed for achieving objectives - MSAG has adopted investment and spending policies for restricted assets that attempt to provide a predictable stream of funding to the program. Under this policy, as approved by the Board of Directors, the restricted assets are invested in a manner that is intended to preserve and protect the assets by earning an appropriate return on the investments.

Note 11 - Endowment Restricted Assets (continued)

Changes in Restricted Net Assets for the fiscal year ended September 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2012	$ -	$ 5,927,398	$ 5,927,398
Contributions	-	57,303	57,303
Interest income	149,002	-	149,002
Net realized and unrealized appreciation	430,566	-	430,566
Appropriations for expenditures	(579,568)	-	(579,568)
Endowment net assets, September 30, 2013	$ -	$ 5,984,701	$ 5,984,701

Changes in Restricted Net Assets for the fiscal year ended September 30, 2012:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2011	$ -	$ 5,916,498	$ 5,916,498
Contributions	-	10,900	10,900
Interest income	174,509	-	174,509
Net realized and unrealized appreciation	821,112	-	821,112
Appropriations for expenditures	(995,621)	-	(995,621)
Endowment net assets, September 30, 2012	$ -	$ 5,927,398	$ 5,927,398

Note 12 - Unsecured Term Notes Payable

MSAG issued unsecured term notes, as allowed by the Commissioner of Corporations of the State of California, to its residents. The notes pay interest determined by the length of the repayment time and amount of the note that range from 1.75% to 3.5%. Interest on the notes are payable on a quarterly basis and principal payments are due on the maturity dates of the notes. Principal payment commitments on unsecured term notes payable are as follows:

Fiscal Year		
2014	$	80,624
2015		55,909
2016		50,000
2017		159,965
2018		26,963
Total	$	373,461

Note 13 - Long-Term Debt

On February 11, 2004, MSAG issued $27,145,000 of Certificates of Participation Bonds ("Certificates") to finance construction of The Terraces Project. Principal payments were due on January 1, 2034 and did not require principal payments prior to that date. The Certificates were subject to optional repayment according to the terms of the Trust Agreement. The Certificates were fully repaid as of December 22, 2010 from the proceeds of the Series 2010 Bonds as defined in the December 23, 2010 Certificate of Defeasance.

On December 1, 2010, MSAG issued Series 2010 Bonds ("Bonds"). The proceeds of the Bonds totaling $21,775,000 were used to refinance all of the outstanding Certificates of Participation ($18,645,000), reimburse MSAG for the payment of prior expenditures for planning the Green Houses Project, purchase interest rate protection, and pay certain expenses incurred in connection with the issuance of the Bonds. The Bonds have terms of 30 years due on December 1, 2040 with a variable interest rate. The Bonds were purchased by JP Morgan Chase Bank on December 1, 2010. The agreement between MSAG and JP Morgan Chase Bank is for a period of 10 years with a variable interest rate component in addition to a fixed interest rate. The fixed interest rate is 67% of 2.70%, which is calculated to be 1.809%. The variable interest rate is 67% of the sum of 2.50% plus the quotient of (a) the one month LIBOR rate, divided by (b) one minus the reserve requirement. The average interest rates for the years ended September 30, 2013 and 2012 were 1.95% and 1.98%, respectively. The Bonds are collateralized by the first trust deed of MSAG and have certain covenant restrictions. Upon expiration of the agreement with JP Morgan Chase Bank on December 1, 2020, MSAG will need to consider repayment or refinancing of the Bonds outstanding at that date.

Note 13 - Long-Term Debt (continued)

The following table sets forth the principal payments due on the Series 2010 Bonds:

Fiscal Year	Principal Payments
2014	$ 640,000
2015	665,000
2016	690,000
2017	715,000
2018	745,000
Thereafter	17,145,000
Totals	$ 20,600,000

Note 14 - Derivative Financial Instrument

Due to the variable interest rate component of the Bonds, MSAG used $1,905,000 (inclusive of fees of $133,500) of the proceeds of the Bonds to purchase an interest rate cap to limit MSAG's exposure to fluctuating interest rates to 1.675%. In accordance with ASC 815, the interest rate cap satisfies the definition of a derivative and is reported at fair value. The fair value of the interest rate cap at inception date of December 23, 2010 was $1,771,500. The fair value of the interest rate cap is subject to significant fluctuation based on changes in the long-term interest rates since the date of purchase and throughout the period the instrument is held. During 2013, the fair value increased by $231,365 due to an overall decrease in long-term interest rates, with fair value decreasing in 2012 by $377,909 due to an overall increase in long-term interest rates. As of September 30, 2013 and 2012, the fair value of the interest rate cap totaled $629,940 and $398,575, respectively.

During 2009, MSAG filed a claim against a former lender related to a previous interest rate cap in the amount of $142,000. During 2012, MSAG received a partial settlement in the amount of $78,903. An additional $63,097 was received during fiscal 2013 to fulfill the original claim amount. Subsequent to September 30, 2013, an additional payment of $18,600 was received as interest on the claim.

The net fair value of the interest rate cap and the proceeds received from the settlement are reflected as a nonoperating expense in the statements of unrestricted revenues, expenses and other changes in unrestricted net assets as "changes in fair value of interest rate cap."

Note 15 - Board Designated Net Assets

As of September 30, 2013 and 2012, the Board has designated $2,641,244 and $1,985,831, respectively, of unrestricted net assets for future debt service.

To provide for the future replacement of property, plant and equipment, the Board has designated a portion of unrestricted net assets for asset replacement in the amount of $4,544,000 for the years ended September 30, 2013 and 2012.

To provide advance fee and/or monthly fee assistance to new residents, the Board has designated a portion of unrestricted net assets in the amount of $1,722,797 at September 30, 2013 and 2012.

Note 16 - Self-Insured Workers' Compensation Insurance

MSAG is self-insured for its workers' compensation through a nonprofit mutual benefit corporation ("Group") organized under the Nonprofit Mutual Benefit Corporation Law of California. MSAG is covered up to $500,000 for the payment of medical, indemnity and legal costs of claims. MSAG is also covered by a supplemental policy for excess workers' compensation coverage that pays all statutory benefits in excess of a retention limit of $500,000. Per the audited financial statements of the Group, a deficit recovery receivable is due from its members. MSAG's liability for the deficit recovery amounted to $156,000 and $25,350 as of September 30, 2013 and 2012, respectively. MSAG believes there is adequate coverage provided by the nonprofit mutual benefit corporation.

In accordance with ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* MSAG discloses in the statements of financial position the estimated liability outstanding for workers' compensation claims as well as the related insurance recoveries. The estimated liability and insurance recoveries for workers' compensation claims amounted to $651,699 and $385,309 for the years ended September 30, 2013 and 2012, respectively. Insurance recoveries receivable are included in other current assets on the statements of financial position.

As required by the state of California, Department of Industrial Relations, Office of Self-Insurance Plans ("OSIP"), the Group obtained a surety bond totaling $10.5 million as of December 31, 2012 to satisfy the financial security requirement for self-insured plans. As a condition from the insurance company, in return for obtaining the surety bond posted by the program to OSIP, each participating member in the program is required to sign a General Agreement of Indemnity. In the event the insurer is called upon to satisfy any outstanding obligation of the Group, the insurer has the right of indemnification from each member on a joint and several basis. There were 31 members as of December 31, 2012.

Note 17 - Related Party

Beginning in fiscal year 2003, MSAG purchased workers' compensation insurance through a group self-insurance program in which MSAG is a member, and which is administered by the California Department of Industrial Relations. A MSAG officer is an officer of the insurance company and is a member of its Board of Directors. Workers' compensation insurance purchased during the years ended September 30, 2013 and 2012 totaled $796,734 and $481,860, respectively.

Report of Independent Auditors and Continuing
Care Liquid Reserve Schedules for

Congregational Homes, Inc. dba Mt. San Antonio Gardens

September 30, 2013

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REPORT OF INDEPENDENT AUDITORS

To Board of Directors
Congregational Homes, Inc. dba Mt. San Antonio Gardens

Report of Independent Auditors

We have audited the accompanying financial statements of Congregational Homes, Inc. dba Mt. San Antonio Gardens, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 as of and for the year ended September 30, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MOSS-ADAMS LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserves of Congregational Homes, Inc. dba Mt. San Antonio Gardens as of and for the year ended September 30, 2013, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by Congregational Homes, Inc. dba Mt. San Antonio Gardens on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise Congregational Homes, Inc. dba Mt. San Antonio Gardens basic financial statements. The supplementary information on pages 8 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of Congregational Homes, Inc. dba Mt. San Antonio Gardens and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Los Angeles, California
December 4, 2013

FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	12/01/10	$610,000	$367,514	$0	$977,514
2	07/23/10	$0	$1,923	$0	$1,923
3	10/11/10	$52,327	$45	$0	$52,372
4	11/03/10	$52,301	$110	$0	$52,411
5	11/24/10	$1,747	$1,747	$0	$3,494
6	05/17/11	$26,614	$373	$0	$26,987
7	05/17/12	$0	$600	$0	$600
8	(see attach)	$0	$3,190	$0	$3,190
		TOTAL:	$375,492	$0	$1,118,491

(Transfer this amount to Form 5-3, Line 1)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Congregational Homes, Inc

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
FORM 5-2
LONG-TERM DEBT INCURRED DURING FISCAL YEAR
FOR THE YEAR ENDED SEPTEMBER 30, 2013

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	10/11/12	$1,726	$52,337	0	$0
2	11/03/12	$1,687	$52,301	0	$0
3	05/17/13	$349	$26,614	0	$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$3,762	$131,252	0	$0

(Transfer this amount to Form 5-3, Line 2)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Congregational Homes, Inc

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$1,118,491
2	Total from Form 5-2 bottom of Column (e)	$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$1,118,491

PROVIDER: Congregational Homes, Inc

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$23,219,079
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$379,254	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)		
	c.	Depreciation	$2,662,455	
	d.	Amortization	$26,112	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$1,305,287	
	f.	Extraordinary expenses approved by the Department		
3		Total Deductions		$4,373,108
4		Net Operating Expenses		$18,845,971
5		Divide Line 4 by 365 and enter the result.		$51,633
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$3,872,460

PROVIDER: Congregational Homes, Inc
COMMUNITY: Mt. San Antonio Gardens

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Congregational Homes, Inc
Fiscal Year Ended: 9/30/2013

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 9/30/2013 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

		Amount
[1]	Debt Service Reserve Amount	$1,118,491
[2]	Operating Expense Reserve Amount	$3,872,460
[3]	**Total Liquid Reserve Amount:**	$4,990,951

Qualifying assets sufficient to fulfill the above requirements are held as follows:

	Qualifying Asset Description	Amount (market value at end of quarter) Debt Service Reserve		Operating Reserve
[4]	Cash and Cash Equivalents			$1,753,375
[5]	Investment Securities	$2,641,244		$11,569,051
[6]	Equity Securities			$8,860,940
[7]	Unused/Available Lines of Credit			
[8]	Unused/Available Letters of Credit			
[9]	Debt Service Reserve			(not applicable)
[10]	Other: (describe qualifying asset)			
	Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	$2,641,244	[12]	$22,183,366
	Reserve Obligation Amount: [13]	$1,118,491	[14]	$3,872,460
	Surplus/(Deficiency): [15]	$1,522,753	[16]	$18,310,906

Signature:
(Authorized Representative)

Date: 12/4/2013

Chief Financial Officer
(Title)

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
ATTACHMENT I TO FORMS 5-1 AND 5-2
AND ADDITIONAL LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
RECONCILIATION OF INTEREST AND PRINCIPAL PAID
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVIECS
SEPTEMBER 30, 2013

ADDITIONS TO FORM 5-1, LINE 8	(b) Principal Paid During Fiscal year	(c) Interest Paid	(e) Total Paid
Date Incurred: 9/14/12	$ -	$ 1,866	$ 1,866
Date Incurred: 9/23/12		$ 1,325	$ 1,325
Sub-total (transfer to line 8 of Form 5-1)	$ -	$ 3,190	$ 3,190

INTEREST PAID DURING FISCAL YEAR:		
Interest paid during fiscal year per Form 5-1	$	375,492
Interest paid during fiscal year per Form 5-2		3,762
Total interest paid per audited statement of cash flows	$	379,254

PRINCIPAL PAYMENTS ON PROMISSORY NOTES PER FORM 5-1:		
Notes payable issued 10/11/10, repaid in full on 10/11/12	$	52,337
Notes payable issued 11/3/10, repaid in full on 11/3/12		52,301
Notes payable issued 5/17/11, repaid in full on 5/17/13		26,614
Note payable issued 11/24/10, partial payment of principal on 9/30/12		1,747
Total principal payments on promissory notes in fiscal 2013 per audited statement of cash flows	$	132,999

PRINCIPAL PAYMENTS ON PROMISSORY NOTES PER FORM 5-1:		
New promissory notes with no payments made in fiscal 2013 per Form 5-2 (next scheduled payment included)	$	131,252
Balance of promissory notes with payments made in fiscal 2013 (activity included on Form 5-1)		242,209
Total outstanding promissory notes as of September 30, 2013 per Note 12 to audited financial statements	$	373,461

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
ATTACHMENT II TO FORM 5-4
RECONCILIATION OF REVENUES RECEIVED DURING THE YEAR FOR SERVICES TO PERSONS WHO DID NOT HAVE A CONTINUING CARE CONTRACT
STATE OF CALIFORNIA - DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

REVENUES RECEIVED DURING THE FISCAL YEAR FOR SERVICES TO PERSONS WHO DID NOT HAVE A CONTINUING CARE CONTRACT

Non-Member Health Services	$	937,330
Non-Member Assisted Living		177,851
		1,115,181
Guest Rooms		50,327
Non-Resident Meals		139,779
		190,106
Total Revenues Received During the Fiscal Year for Services to Person Who Did Not Have a Continuing Care Contract per Form 5-4	$	1,305,287
Reconciliation to audited statement of cash flows:		
Cash received from Members	$	14,829,093
Cash received from Non-Members		1,115,181
Cash received from residents per audited statement of cash flows		15,944,274
Cash received from other sources		956,198
Cash received from Guest Room and Non-Resident Meals		190,106
Cash received from other sources per audited statement of cash flows	$	1,146,304

CONGREGATIONAL HOMES, INC. DBA MT. SAN ANTONIO GARDENS
ATTACHMENT III TO FORM 5-4
RECONCILIATION OF OPERATING AND DEBT SERVICE RESERVES
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Unrestricted	Specific Purpose	Endowment	Annuity	Trusts	Total All Funds
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 1,753,375	$ 386,187	$ 46,235	$ 25,744		$ 2,211,541
Short-term investments		2,231,512				2,231,512
Accounts receivable, net	392,123					392,123
Other current assets	952,159					952,159
Total current assets	3,097,657	2,617,699	46,235	25,744	-	5,787,335
Noncurrent Assets:						
Investments	14,210,295		14,799,406	3,013,357	397,254	32,420,312
Deferred financing costs, net	445,651					445,651
Derivative financial instrument	629,940					629,940
Property, plant and equipment, net	52,209,366					52,209,366
Total Assets	$70,592,909	$ 2,617,699	$ 14,845,641	$ 3,039,101	$ 397,254	$ 91,492,604
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	$ 869,951					$ 869,951
Accrued expenses	1,033,125					1,033,125
Workers' compensation liability	651,699					651,699
Refundable deposits and other liabilities	93,774					93,774
Current portion of long term debt	720,624					720,624
Total current liabilities	3,369,173	-	-	-	-	3,369,173
Noncurrent liabilities:						
Liabilities under split-interest agreements				734,485	74,425	808,910
Deferred revenue from advance fees, including estimated refundable fees of $150,000 in 2013	29,181,114					29,181,114
Asset retirement obligation	80,870					80,870
Long term debt	20,252,837					20,252,837
Total Liabilities	52,883,994	-	-	734,485	74,425	53,692,904
NET ASSETS						
Unrestricted	17,708,913		8,860,949			26,569,862
Temporarily restricted		2,617,693		1,549,953	130,595	4,298,241
Permanently restricted			5,984,701	754,664	192,232	6,931,597
Total Net Assets	17,708,913	2,617,693	14,845,650	2,304,617	322,827	37,799,700
Total Liabilities and Net Assets	$70,592,907	$ 2,617,693	$ 14,845,650	$ 3,039,102	$ 397,252	$ 91,492,604

Sum of Total Cash & Cash Equivalents, Investments Available for use per Form 5-5:
$1,753,375 (Unrestricted Cash) + $14,210,295 (Unrestricted Noncurrent Investments) + $8,860,940 (Unrestricted Endowment)

ATTACHMENT TO FORM 5-5

CONGREGATIONAL HOMES, INC dba MT. SAN ANTONIO GARDENS

Health and Safety Code section 1790(a) (2)

Full detail on the status, description, and amount of all reserves that the provider currently designates and maintains:

The only reserves we have are the Debt Service Reserve and Operating Expense Reserve required by the California Department of Social Services (see Form 5-5)

Health and Safety Code section 1790(a)(3)

Disclosure of any funds accumulated for identified projects or purposes and any funds maintained or designated for specific contingencies.

Note – Donor designated funds, temporarily restricted or permanently restricted, are not specifically noted here. The following contingencies address those monies that are under the control of the Board of Directors.

On July 30, 1992, the Board of Directors established a Reserve for Asset Replacement Fund (see audit report, Note 15) to provide for the future replacement of property, plant and equipment – balance @ 9/30/13 is $4,544,400. Maintaining the facility is essential to providing care for the elderly – our tax-exempt purpose.

On September 25, 1997, the Board of Directors established a Financial Assistance Fund that was quasi-endowed from a $1,041,000 unrestricted bequest (see audit report, Note 15). This fund assists new entrants with 50% of their entrance fees as well as any future monthly fees. Balance @ 9/30/13 is $1,767,934. This fund was established to enable more elderly to become residents without compromising our financial structure. Providing care for even more elderly is consistent with our tax-exempt purpose.

On 5/28/09, the Board of Directors established a Debt Reserve Fund (aka Sinking Fund) from accumulated unrestricted cash (see audit report, Note 15). Cash transfers will be made into this fund at regular intervals in order to accumulate cash for future debt payments. Balance at 9/30/13 is $2,641,244.

FORM 7-1

REPORT ON CCRC MONTHLY SERVICE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	2,514	$2,514	$2,514
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	2.8%	2.8%	2.8%

☐ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: October 1, 2012
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Congregational Homes, Inc.
COMMUNITY: Mt. San Antonio Gardens

ATTACHMENT TO FORM 7-1

MT. SAN ANTONIO GARDENS – 9/30/13

[5] ADJUSTMENTS IN MONTHLY CARE FEES

Mt. San Antonio Gardens contracts are prepaid and include monthly care fees that have no minimum or maximum increase limit. All contract residents pay the same regardless of what level of care. To calculate the monthly Care & Service increase, we use the attached budget worksheets. Please note that the amortization of the prepaid portion of the entrance fee is recorded on the income statement as earned Founders Fees which reduces operating expenses and ultimately determines the amount of the monthly fee increase which may be necessary.

Managements' Working Budget Assumptions #1 contains a statement that limits the monthly fee increase to a range of 2 to 5%. This is set by management and is not part of any contractual agreement.

RANGE OF MONTHLY FEES:

All residents pay the same monthly fee for every unit type - $2,514 (effective 10/1/2012)

The only exception to this are for single residents who are living in a unit designed for two persons. These residents pay 1 and 1/2 of the above fee - $3,771. These unit types include:

- One bedroom apartments in buildings A,B,C,D
- Full suites in buildings A,B,C,D
- Garden suites in building D
- All cottages
- Two bedroom Terrace homes
- Taylor houses

In addition, single residents who occupy a unit designed for "two persons only" pay 1 and ¾ of the basic $2,514 fee ($4,400) after one year of occupancy after they became single. These unit types include:

- Two bedroom cottages (Plans I & Pomona)
- Two bedroom Terrace homes
- Taylor houses

CONGREGATIONAL HOMES
MANAGEMENT'S WORKING BUDGET ASSUMPTIONS
Fiscal Year Beginning October 1, 2012

1. Management's Operating Budget will be constructed so that any Monthly Care & Service Fee increase will be held at a 2% to 5% range. A 2.8% increase in the current single fee is included ($2,446 to $2,514 - $68 per month).
   (prior year increase was 1.8% - $44 per month)

2. Green House start-up and operating costs, net of anticipated revenue, are identified as a separate line on the Operating Budget and cover a six month period (4/1/13 – 9/30/13). The additional expense, listed "below the Net Operating total" was excluded from the calculation to determine the proposed monthly fee increase to current residents.

3. Resident occupancy will be budgeted for an average of 466 per month (or 506.5 at a single monthly Care & Service rate). (Residential- 361; Lodge- 65; Health Center- 40)
   (prior year was 460 with 500.9 at a single monthly Care & Service rate)

4. Salary and Benefits budget assumptions: A 2% general wage increase will be effective March-2013 and a pool of .75% of current labor costs was created to cover in-step progression/merit increases and bonuses.
   (prior year: 2% general wage increase; a .75% pool to cover all "other" increases.)

5. Consistent with policy, a sum equal to 5% of the average market value of the Endowment Investments for the 12 quarters ended March 31, 2012 shall be transferred annually into the General Fund Investment Portfolio. That amount will be $49,700 per month; $596,400 per year.
   (*prior year was $47,260 per month; $567,120 per year*)

6. It is assumed that the monthly operating costs of the Health Center will be partially offset by admitting an average of 9 community patients @ $275 per day; while operating costs of the Lodge will be partially offset by admitting an average of 5 assisted living community persons @ $5,500 per month.
   (prior year was 9 Health Center @ $260 per day and 5 Lodge @ $5,187 per month)

7. It is expected that Founders Fees will net about $4,326,000, for the fiscal year. The overall increase to the Founders Fee schedule will be 0-3%.- *prior year was 0-3.5%.*
   (prior year total Founders Fee budget was $4,200,000)

8. The proposed Capital Expenditures Budget is set with a target amount of $958,700 for identified items; $241,300 for unidentified contingencies; $885,000 for "Other Capital Projects; and $6,315,000 for the Green Houses. Total Capital Budget is $8.4 million.

9. Other key assumptions: Department managers have budgeted expenses at actual or at anticipated actual if justified.

10. The impact of this budget on our actuarial funded status is a positive 103.4%. The Long Range Financial Plan has a goal of 104% or better. The overall increase in operating expenses is 2.3% (prior year budget to current year budget).

Approved by Board - 7/26/12

CONGREGATIONAL HOMES, INC.
MT. SAN ANTONIO GARDENS
BUDGET - ASSUMPTIONS/NOTES
Beginning 10/1/2012

1. **Occupancy levels:**

Residential living Units -	97%	(296 total units including 13-K studios for LOA assignments)
Lodge (Assisted Living) -	97%	(1 vacant room at any given time + TCR)
Health Center -	79%	(permanent residents + community only)

2. **Resident Population Assumptions**:
(based on actual 6/12 census=476)

380 residents @ single rate	=	380	MC&S equivalents
75 residents @ 1.5 rate	=	112.5	MC&S equivalents
6 residents @ 1.75 rate	=	10.5	MC&S equivalents
2 resident @ cont.care.	=	5.3	MC&S equivalents
13 residents @ LOA rate	=	5.4	MC&S equivalents
Meal Credits	=	.5	MC&S equivalents
MC&S Equivalents	=	513.2	

Total Resident Population Budget:
Residents: 376+75+2+13 = **466** *(prior year was 460)*
MC&S Equivalent = 373+112.5+10.5+5.3+5.4-.5 = **506.5** *(prior year was 500.9)*

Total (Monthly Care & Service Fee Equivalent) Population Budget:
Resident (506.5) + Community Lodge (10.9) + Community Health Center (29.5) = 546.9
(prior year = 537.2)

3. **Interest earnings on Investments**
Current investment portfolio balance (5/31/12):

Unrestricted/Board Restricted	$28.0 million
Donor restricted Endowment	5.9 million
	$33.9 million
Estimated net cash flow use	- 8.0 million
	$25.9 million* (used for Invest. Income)

Other investment income (3.0%) $777,000 /12 = $64,750/mo.

4. **Debt Service –Expense Only** (not including principal payments)

	Oct & Nov	Dec - Sept		
principal balance:	$21,210,000	$20,600,000		
Interest	@ 3%	@ 3%		*(maximum = 3.484%)*
	$ 106,000	$ 515,000	=	$621,000

Approved by Board - 7/26/12

12/09/2013

RECEIVED
DEC 11 2013
CONTINUING CARE CONTRACTS BRANCH

Continuing Care Retirement Community Disclosure Statement
General Information

FACILITY NAME: Congregational Homes, Inc. dba Mt. San Antonio Gardens
ADDRESS: 900 E. Harrison Ave., Pomona, CA ZIP CODE: 91767 PHONE: 909/624-5061
PROVIDER NAME: Mt. San Antonio Gardens FACILITY OPERATOR: Congregational Homes, Inc.
RELATED FACILITIES: None RELIGIOUS AFFILIATION: United Church of Christ
YEAR OPENED: 1961 NO. OF ACRES: 30+ MULTI-STORY: [ ] SINGLE STORY: [ ] BOTH: [x]
MILES TO SHOPPING CTR: One MILES TO HOSPITAL: 1.5

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	78	ASSISTED LIVING	71
APARTMENTS – 1 BDRM	121	SKILLED NURSING	63 (59 privat
APARTMENTS – 2 BDRM	1	SPECIAL CARE	
COTTAGES/HOUSES	98	DESCRIBE SPECIAL CARE:	
% OCCUPANCY AT YEAR END	98%		

TYPE OF OWNERSHIP: [x] NOT FOR PROFIT [ ] FOR PROFIT [ ] ACCREDITED: [x] Y [ ] N BY: CARF-CCAC

FORM OF CONTRACT: [x] LIFE CARE [x] CONTINUING CARE [ ] FEE FOR SERVICE
[ ] ASSIGN ASSETS [ ] EQUITY [x] ENTRY FEE [x] RENTAL

REFUND PROVISIONS (Check all that apply): [ ] 90% [ ] 75% [ ] 50% [ ] PRORATED TO 0% [x] OTHER: 90 days

RANGE OF ENTRANCE FEES: $ 68,000 TO $ 363,000 **LONG-TERM CARE INSURANCE REQUIRED?** [ ] Y [x] N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Observation, Personal Care, Physician Care & Skilled Nursing Care

ENTRY REQUIREMENTS: MIN. AGE: N/A PRIOR PROFESSION: N/A OTHER: Medicare A,B,C

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	[ ]	[x]
BILLIARD ROOM	[x]	[ ]
BOWLING GREEN	[ ]	[ ]
CARD ROOMS	[x]	[ ]
CHAPEL	[x]	[ ]
COFFEE SHOP	[ ]	[ ]
CRAFT ROOMS	[x]	[ ]
EXERCISE ROOM	[x]	[ ]
GOLF COURSE ACCESS	[ ]	[ ]
LIBRARY	[x]	[ ]
PUTTING GREEN	[x]	[ ]
SHUFFLEBOARD	[ ]	[ ]
SPA	[x]	[ ]
SWIMMING POOL-INDOOR	[ ]	[ ]
SWIMMING POOL-OUTDOOR	[x]	[ ]
TENNIS COURT	[ ]	[ ]
WORKSHOP	[x]	[ ]
OTHER Bar/Beverage Station	[x]	[ ]

SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING TIMES/MONTH	Two	
NUMBER OF MEALS/DAY	Three	
SPECIAL DIETS AVAILABLE	Yes	
24-HOUR EMERGENCY RESPONSE	[x]	[ ]
ACTIVITIES PROGRAM	[x]	[ ]
ALL UTILITIES EXCEPT PHONE	[x]	[ ]
APARTMENT MAINTENANCE	[x]	[ ]
CABLE TV	[ ]	[x]
LINENS FURNISHED	[x]	[ ]
LINENS LAUNDERED	[x]	[ ]
MEDICATION MANAGEMENT	[x]	[ ]
NURSING/WELLNESS CLINIC	[x]	[ ]
PERSONAL NURSING/HOME CARE	[ ]	[ ]
TRANSPORTATION-PERSONAL	[ ]	[ ]
TRANSPORTATION-PREARRANGED	[ ]	[x]
OTHER Transportation-local medical	[x]	[ ]

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Congregational Homes, Inc. dba Mt. San Antonio Gardens

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$16,614,258	$17,003,261	$18,110,952	$18,524,377
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$17,339,044	$17,726,228	$18,344,776	$20,152,125
NET INCOME FROM OPERATIONS	-$724,786	-$692,967	-$233,824	-$1,627,748
LESS INTEREST EXPENSE	$62,420	$358,116	$417,124	$378,387
PLUS CONTRIBUTIONS	$78,400	$169,029	$235,915	$83,324
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,265,329	-$1,665,936	$2,646,188	$990,040
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$556,523	-$2,547,990	$2,229,064	-$1,068,319
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$5,507,337	$5,701,305	$4,226,531	$4,980,483

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
JP Morgan Chase	$20,600,000	1.96	12/01/10	12/01/40	30 years

FINANCIAL RATIOS (see next page for ratio formulas)

	2011 CCAC Medians 50th Percentile *(optional)*	2011	2012	2013
DEBT TO ASSET RATIO	42.2	24.8	23.1	22.1
OPERATING RATIO	98.5	105.1	103.6	112.3
DEBT SERVICE COVERAGE RATIO	1.91	3.1	2.7	1.8
DAYS CASH-ON-HAND RATIO	290	404.0	612.0	445.0

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2010	%	2011	%	2012	%	2013
STUDIO	$2,402	1.8%	$2,446	2.8%	$2,514	4.0%	$2,614
ONE BEDROOM	$2,402	1.8%	$2,446	2.8%	$2,514	4.0%	$2,614
TWO BEDROOM	$2,402	1.8%	$2,446	2.8%	$2,514	4.0%	$2,614
COTTAGE/HOUSE	$2,402	1.8%	$2,446	2.8%	$2,514	4.0%	$2,614
ASSISTED LIVING	$2,402	1.8%	$2,446	2.8%	$2,514	4.0%	$2,614
SKILLED NURSING	$2,402	1.8%	$2,446	2.8%	$2,514	4.0%	$2,614
SPECIAL CARE		0.0%		0.0%		0.0%	

COMMENTS FROM PROVIDER: Entry fee based on uni ambiance (size & location) & age. The monthly service fee is the same per person for all residents unless a single person occupies a unit designated for one or two people. Contracts have a $1,800 or more per person deductible for out-of-pocket expenses. Long term care insurance could lower entry fee amount.

PROVIDER NAME: Congregational Homes, Inc. dba Mt. San Antonio Gardens

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\text{Total Operating Expenses} - \text{Depreciation Expense} - \text{Amortization Expense}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\text{Total Excess of Revenues over Expenses} + \text{Interest, Depreciation, and Amortization Expenses} - \text{Amortization of Deferred Revenue} + \text{Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\text{Unrestricted Current Cash And Investments} + \text{Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.